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Intellectual Ammunition

On State and Local Issues

Potshots

The hardest thing in the world to understand is the income tax.

—Albert Einstein

Tact: The ability to describe others as they see themselves.

—Abraham Lincoln

A positive attitude may not solve all your problems, but it will annoy enough people to make it worth the effort.

—Herm Albright

I am neither a Democrat nor a Republican. I'm a registered Whig.

—Jack Benny

If you have always done it that way, it is probably wrong.

—Charles F. Kettering

Everything comes to those who hustle while they wait.

—Thomas A. Edison

I saw a senator on a Sunday morning talk show who said that actions of the Senate have created jobs for a lot of citizens. Yeah, but let's face it—you can't make a career out of jury duty.

—Jay Leno

All were agreed upon one point, however: if Congress would make a sufficient appropriation, a colossal benefit would result.

—Mark Twain

It seems like the less a statesman amounts to, the more he loves the flag.

—Frank McKinney Hubbard

Racial Quotas—May They Rest in Peace

by Adam Meyerson

A generation has passed since the Nixon administration established racial quotas in hiring, promotion, college admissions, and government contracting. Affirmative-action policies, both public and private, have opened many economic and educational opportunities for African Americans, and have played an important role in one of the most encouraging developments of recent decades: the emergence of a large and growing black middle class. But supporters of government-mandated racial preferences have always been uncomfortable about policies that judge Americans by the color of their skin, not by the content of their character—the opposite of Martin Luther King Jr.'s dream. Even if racial preferences have been justified on a temporary basis, they surely cannot be justified for more than a generation.

Citizens and politicians are beginning to roll quotas back. Senators Bob Dole and Phil Gramm both have promised that, if elected president, they would repeal President Nixon's executive order requiring all government contractors to submit detailed "goals and timetables" for the hiring and promotion of minorities and women. The Trustees of the University of California have removed race as a criterion for admission to the state's university system. Governor Pete Wilson has abolished some racial hiring quotas established by California law. Even President Clinton is reviewing the issue.

There are six reasons why the repeal of government-mandated racial quotas is gaining the support of the American people:

• Racial preferences are discriminatory. It is just as wrong for the government to discriminate in favor of blacks and other minorities as it is to discriminate against them. Preferring one race to another violates the Declaration of Independence, which holds that all men are created equal; the 14th Amendment, which guarantees all citizens the equal protection of the laws; and the Civil Rights Act of 1964, which explicitly forbids government-mandated reverse discrimination. This discrimination has real victims, such as the Asians denied admission to the University of California in spite of spectacular records, and would-be policemen and firemen who lose jobs to applicants who are substantially less qualified.

• Racial preferences violate the principles of American citizenship. Americans come from all races, all religions, all nationalities. What unites us as a nation is not a common origin, but a common commitment to our political institutions: the rights to life, liberty, and

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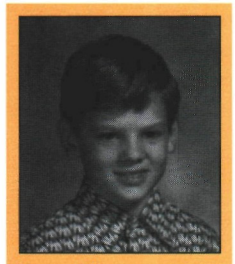

Doug Kinney (1972)
systems manager

News from the Heartland

by Joseph L. Bast
Publisher

Reforming affirmative action

Few issues are as hotly emotional as affirmative action. For the first time in two generations, governments at all levels are reevaluating the wisdom—and the justice—of race- and gender-based preferences. Earlier this year, the Trustees of the University of California voted to eliminate race as a criterion for admission to the state's university system. And late in 1996, California voters will determine the fate of affirmative action for public employment. Regardless of that vote's outcome, in the years ahead many more states are likely to follow California's lead.

Proponents of racial preferences argue that the deck is stacked against minorities—and that true equality depends upon legislative action. Opponents, such as Adam Meyerson, editor of *Policy Review* and author of the cover article appearing in this issue of *Intellectual Ammunition*, believe that racial preferences do more harm than good by lowering standards and expectations for minorities, and placing an unfair burden on white males and other non-preferred groups.

Legislators tackling the problem of affirmative action face a unique challenge. While they must propose constructive alternatives to flawed affirmative-action programs, they must continue to recognize the unique burdens that African Americans and other minorities routinely face. Perhaps Meyerson is correct when he writes that "the best affirmative action means holding the members of all races to the same high standard and, if necessary, giving people the extra training they need to make the grade."

There are no easy answers to the problem of affirmative action. But our mission is to continue to provide you with the "intellectual ammunition" you need to propose constructive solutions.

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See page 9 in this magazine for more information. And please call us at 708/202-3060, or e-mail us at think@heartland.org, if you have any questions.

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the pursuit of happiness; the Constitution; and a self-governing republic. Martin Luther King, Jr. brought Americans together—by speaking of what Americans have in common, by showing how the civil rights movement fit into the American political tradition. Racial preferences do the opposite; they balkanize our country by emphasizing our differences.

• Racial preferences foster dependency on government. Ronald Reagan used to say that "the success of welfare should be judged by how many of its recipients become independent of welfare." So, too, the success of affirmative action should be judged by how many businesses become independent of set-asides, by how many individuals become independent of quotas in promotion and hiring. Unfortunately, all too many businesses have become part of a permanent affirmative-action industry.

• Racial preferences restrict freedom. Much of the creativity of a market economy comes from the freedom that individuals and businesses have to discover and use information. Bureaucratic, highly regulated affirmative-action policies endanger this creativity by denying businesses the freedom to hire and fire whomever they wish, and, in the case of employment tests that are forbidden because they have a disparate impact on races, by interfering with the free flow of information.

• Racial preferences fail to address the central challenge facing black America today: integrating poor black males into the American mainstream. The number of black men in college has fallen behind even as affirmative-action preferences in college admissions have intensified: There are now only 540,000 African-American men in college, compared with 830,000 black women. The explosion of violent crime by young black men wasn't supposed to happen with affirmative action. Something drastically different must be done instead of racial preferences, or a generation of black men will be destroyed.

• Most perniciously, racial preferences lower standards and expectations. When African Americans and Hispanics are held to a lower standard than are members of other groups, the implicit message—that African Americans and Hispanics cannot compete on their own, unless they are given a special handicap—is patronizing, even racist.

It is no accident that the two institutions in which blacks have advanced the most rapidly in America, the military and athletics, are meritocracies with clear performance standards. Colin Powell did not become the chairman of the Joint Chiefs of Staff and one of the outstanding generals in American history by receiving special treatment in his performance reviews. The military, it is frequently said, is the only institution in America in which blacks regularly give orders to whites. This is because blacks in the armed forces have been given standards to aspire to, and the opportunity to achieve them.

Martin Luther King Jr. brought Americans together—by speaking of what Americans have in common, by showing how the civil rights movement fit into the American political tradition. Racial preferences do the opposite; they balkanize our country by emphasizing our differences.

By contrast, public schools in America set tragically low academic expectations for poor children, especially for blacks and Hispanics. The culture of affirmative action reinforces these low expectations, with a defeatist message that minorities can't make the grade, and that standards don't even really matter. The sad fact is that on average blacks and Hispanics do score poorly on standardized academic tests. But that isn't an indictment of the tests; it's an indictment of the school system and surrounding culture that discourage kids from achieving.

The best affirmative action

The best affirmative action offers opportunities to outsiders without lowering standards and expectations. This means holding the members of all races to the same high standard and, if necessary, giving people the extra training they need to make the grade. It means not reserving particular jobs for blacks. It means making a genuine effort to find African Americans—and other Americans of all races—who might be overlooked but who have the capacity to excel. This is frequently a judgment call, for the capacity to excel is determined by leadership ability, strength of character, intellectual creativity, and other attributes that can't be easily measured by standardized tests. Precisely because it is a judgment call, it does not lend itself to bureaucratic oversight in the form of quotas, goals, or timetables.

The nomination of Clarence Thomas as associate justice of the Supreme Court is a wonderful example of this judgment. President Bush and his advisers sensed that Thomas, though he did not yet have much judicial experience, had the constitutional understanding, the moral courage, and the intellect to become a distinguished judge—and also to become a national hero among conservative blacks in the way that Justice Thurgood Marshall was a national hero among liberals. As a result of Thomas's race, President Bush may have looked at his qualities more closely than he otherwise would have at that stage in the judge's career. But it was Thomas's qualities, not his race, that led to the nomination. There was no lowering of standards. On the contrary, the Thomas nomination is now seen, at least by conservatives, as Bush's most significant enduring domestic-policy achievement.

Americans of all races can take pride in the growing leadership of African Americans in political, economic, and cultural life. It is one of the great success stories of American history, rivaling the stories of the pioneers, of immigrants, of inventors and entrepreneurs. It is a quintessential American story of determined people overcoming hardship to make the most of our blessings of liberty.

Government-imposed racial preferences played an important part in this story, by smashing through the institutional barriers to black advancement that were the legacy of centuries of discrimination. But reverse discrimination was always a questionable remedy to earlier prejudice. By failing now to offer opportunity to poor black males, racial preferences have outlived whatever usefulness they may have had. It is time for them to go.

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Adam Meyerson is editor of *Policy Review*. A longer version of this article first appeared in that publication's Summer 1995 issue.

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Uncovered

Thomas J. DiLorenzo

The American Public Health Association: Politics versus Health Care

Medical care is arguably the most heavily regulated industry in the United States, and Americans are paying more for less and less. Among the many reasons why government has been heavily involved in health care since World War II, one is especially salient: lobbying by "public health professionals." Employed in universities, nonprofit organizations, and federal, state, and local government health departments and regulatory agencies, their voices call for greater government control—and less consumer control—of health care resources. They are not necessarily physicians or health care providers. Public health workers include activists, statisticians, social scientists, teachers, and administrators.

The American Public Health Association, a nonprofit trade association located in Washington, D.C., is their organizational vehicle. Although much of its work is scientific, APHA has become a powerful political force for state-run medicine and other liberal causes.

The politics of health research and education

Political commentary is a staple in the pages of *The Nation's Health*, APHA's monthly newspaper, and the *American Journal of Public Health*, the association's academic journal. Most of the commentary is to the left of Hillary Clinton and Ira Magaziner, architects of the Clinton health plan.

In the December 1993 issue, the editors of *The Nation's Health* reported on an APHA meeting with Mrs. Clinton. While "expressing admiration for the effort," APHA's executive board sharply criticized the Clinton health plan as too market-oriented: "We don't believe that market forces can resolve the unevenness in the distribution of health care facilities and personnel," said the association's president, Helen Rodriguez-Trias.

In the eyes of APHA's executive committee, the Clinton plan "didn't go far enough." Never mind that the plan introduced central planning through a seven-person National Health Board to oversee government-created "alliances" that would control the purchase of health care at the state and local level. Ignore its attempt to cartelize the insurance industry and drive thousands of small insurers out of business. Disregard the plan's need to employ more than one hundred thousand new government bureaucrats, the 7 to 10 percent payroll tax, and the 12 to 15 percent national sales tax or rationing of care that would be needed to control rising prices. And forget about the prohibition of private doctor-patient arrangements outside the government system. APHA wanted pure health care socialism, otherwise known as "single-payer reforms."

APHA's executive committee strongly condemned policy reform concepts like copayments that introduced small measures of market discipline in America's health care system.

APHA lobbying

APHA is a nonprofit 501(c)(3) organization whose political activities are limited by law. But its literature leaves the impression that APHA is a lobbying organization. Editorials in its publications are almost never about issues in health science; they are usually about politics. Stories in *The Nation's Health* feature photos of Capitol Hill rallies and meetings to support abortion rights, the Clinton health plan, Joycelyn Elders, tax increases on cigarettes and alcohol, and more spending on OSHA and other regulatory agencies. Attendees at the 1993 annual meeting, it is reported, "wrote 2,576 letters to Congress on computer terminals provided by APHA."

The March 1995 issue of *The Nation's Health* issued a call to arms in response to the Republican "Contract with America," warning members that "Your agency's or organization's programs and activities, perhaps your job, and more importantly, the public's health, are all threatened." The litany of "threats" includes the balanced budget amendment, welfare reform, and unfunded mandates legislation. Even so-called "takings" reform, which would require agencies like EPA to compensate landowners for regulatory takings, is apparently a threat to public health.

> *The American Public Health Association has become yet another political appendage of the failed welfare state.*

This is all the more remarkable when one considers that APHA is a government-funded group, receiving at least $174,000 in 1993 from the Department of Health and Human Services.

The American Public Health Association is a special-interest group that promotes a far-left political agenda that does little to improve public health and may actually hurt it. APHA has largely abandoned its original purpose as a professional society and has become yet another political appendage of the failed welfare state.

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CAPITAL RESEARCH CENTER

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Education

Joseph Walsh

Where We Are, Where We Need To Go

Public education is failing. It is failing at its primary mission of providing a safe and effective education for our children and adequately preparing them to be productive members of society. Study after study shows that parents, taxpayers, policymakers, and business leaders have lost faith in the public schools.

Over the past 12 years we have witnessed the most extensive school reform activity in our nation's history: complete reorganizations of school systems, heightened graduation requirements, competency tests for teachers, smaller class sizes, and, as always, increased spending.

With very few exceptions, such reforms have failed to improve our schools. Surveys continue to reveal no improvement in student achievement. As Pete du Pont, former governor of Delaware, reports, "For more than a decade we have worked at the margins, and we have failed. We have spent money, huge sums of money, and we have failed. While we reformed and spent, and spent and reformed, performance has continued to decline. . . . Clearly something is very, very, wrong."

What we need are schools that work.

We need an entire country of schools on the leading edge of education. To get there we must create an environment that will foster good schools and nurture the hundreds of thousands of children who learn what they should be learning. That should be our only focus: to create a fertile environment that will enable all schools to succeed.

We can create such an environment by fundamentally redefining public education in this country. Public education should not be defined as preserving and expanding a government-run school system. It should instead be defined as providing the best education possible for the greatest number of children, in whatever public or private setting that education takes place.

Public education is about teaching the members of a community. Schools need not be owned by the government to provide that public service. In many communities, private and church-affiliated schools provide most of the "public" education taking place.

What direction for school reform?

What direction should school reform take? Any good school reform plan will rely upon the principles of decentralization, accountability, and choice. Studies have consistently shown that smaller is better in education. We must reduce the role of the federal and even state governments in education and increase local control and responsibility. Why? Because parents and communities care more about their children than anyone else does. And because, over time, government bureaucracies become top-heavy, wasteful, and unaccountable to parents. We should be cautious of federalized school reforms (Goals 2000!) that leave those who are best able to deal with their own educational problems—states, communities, teachers, and parents—on the sidelines and uninvolved.

At the same time, there is fundamentally no accountability in the public schools. Because of the lack of a bottom line and presence of perverse incentive structures, teachers and administrators continue to measure their progress by ways other than students' educational attainment. Only healthy competition can instill accountability. Only by doing away with the outdated idea of assigning children to schools based on where they live will competition come.

When school reform advocates wave the banners of decentralization, accountability, and choice, leading-edge reforms soon will follow. Charter schools, allowing teachers and local school personnel to create their own schools, free of needless government mandates and regulations, will sprout up. Comprehensive educational choice, allowing parents to choose where to send their children to school, will be common practice.

The underlying problem in the public schools today is that we've created an environment that attempts to press schools and students into a single "one size fits all" mold.

Children have different educational needs. Some may need a longer school day, a smaller class size, more rigorous textbooks, a more value-based education, year-round schooling, or a more hands-on curriculum. Every solution to our public school problems is different because every child is different. The underlying problem in the public schools today is that we've created an environment that attempts to press schools and students into a single "one size fits all" mold.

CENTER FOR REBUILDING AMERICA'S SCHOOLS

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Environment

Concerns for "Environmental Justice" on the Rise

A growing force in environmental activism is the so-called "environmental justice" movement. The movement argues that there is a pattern of "environmental racism" in the United States whereby pollution has disproportionately afflicted minority communities. The environmental justice movement seeks to address that concern, and is exerting a growing influence on the environmental debate.

Soon after taking office, President Clinton signed an executive order requiring each federal agency to make "environmental justice a part of its mission." Environmental justice provisions have crept into the Administration's proposals for reforming Superfund and other environmental laws, and legal actions alleging disproportionate environmental impacts are increasingly common. At the same time, environmental activists are seeking to advance model legislation on the state level that will subject the siting of industrial facilities to demographic considerations. Under such proposals, industrial development will be significantly curtailed in areas with high minority populations.

The environmental justice movement received its impetus from a series of studies purporting to demonstrate that environmental burdens are disproportionately placed upon minority communities. A 1983 study of the location of landfills and incinerators in Houston, for instance, found that most of the waste sites were located in areas with large minority populations. A United Church of Christ study found that race is the greatest determinant of whether one lives near a hazardous-waste facility or abandoned waste site—greater than residential property values and mean household income.

Those and other studies are regularly cited as conclusive evidence of environmental racism. Subsequent examinations, however, have cast doubt on these claims. A recent study at the University of Massachusetts at Amherst, for example, suggested that the evidence for environmental racism may be an artifact of how one defines a "minority community." Findings can vary greatly depending upon the size of the geographical areas under examination. An evident racial disparity found in an examination of zip codes can disappear when one looks at smaller areas, such as Census tracts.

Even if there is a disproportionate number of hazardous-waste sites and disposal facilities in minority communities, moreover, that does not in itself substantiate a charge of environmental racism or wrongdoing. There is a chicken-and-egg problem in making such claims. As New York University's Vicki Been notes, "housing-market dynamics lead the areas surrounding [waste facilities] to become disproportionately poor or minority after [the facilities] have been sited." Wealthy families can always move away from unsightly landfills or incinerators into other communities; poorer groups, including many racial minorities, may not be able to afford such options, and may even opt to move into areas with waste facilities that are presumably less expensive.

More importantly, eco-justice activists have taken it for granted that demographic patterns around waste facilities correlate with environmental threats to public health. "Health risks are a function of actual exposure, not simply proximity to a waste facility," notes a recent study by the Center for the Study of American Business. The study continues that "the environmental justice advocates' claims of negative health effects are not substantiated by scientific studies." A new waste facility, even if located nearer to a minority community, may actually pose a lesser environmental risk than an older, less technologically advanced facility farther away.

> *"The environmental justice advocates' claims of negative health effects are not substantiated by scientific studies," notes the Center for the Study of American Business*

As with civil rights issues in general, environmental justice activists have focused on evidence of disparate impact, irrespective of its causes, to motivate political objectives. There is justifiable outrage about perceived injustices with little thought about how these unfortunate situations came to be, and therefore how they might be prevented in the future.

For instance, if the real cause of a confluence between minority communities and waste facilities is economic—that is, if minority residents, disproportionately among the economically disadvantaged, are more likely to live in areas where land values are lower, and are therefore more likely to live in industrialized areas—then policies that serve to dampen economic development will only serve to maintain, or even exacerbate, these conditions by cutting off economic opportunity for those who need it most. Until such considerations are taken into account, concerns about environmental justice will not be adequately addressed.

CEI

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Health Care

Michael D. Tanner

Get the Feds Out of Medicaid

If anything should have become apparent in recent years, it is that the federal government does not have a clue about how to manage a health care system. Medicare is going bankrupt. The VA is a national disgrace. But nowhere has the failure been more evident than in Medicaid, with taxpayers, health care providers, and patients all suffering.

Costs have skyrocketed. Federal Medicaid spending now consumes approximately 6 percent of the federal budget; it grew at a rate of 16 percent per year between 1988 and 1993. The state share of this program is growing twice as fast as overall state spending. Today, many states spend more than 20 percent of their budgets on Medicaid. Medicaid is already the second largest line item in most state budgets and, at its current rate of growth, will soon overtake education as the largest cost of state government.

As spending increases, nearly every state is being forced to reduce payments to health care providers. Nearly all states reimburse providers at rates well below the actual cost of procedures. Nationwide, the average reimbursement is now as low as 60 percent of actual costs. As a result, fewer and fewer providers are willing to treat Medicaid patients. According to a 1991 survey by the American Medical Association, only one-third of American physicians fully participate in the Medicaid program. An additional one-third participate but restrict the number of Medicaid patients they see.

At the same time, nearly all observers agree that Medicaid provides "second class" care to the poor. In part, such inadequate and substandard care is a direct result of government's efforts to control costs by restricting reimbursements. Medicaid patients are frequently discharged "quicker and sicker." Restrictive formularies and prior authorization requirements for drugs prevent Medicaid patients from having access to the latest pharmaceutical products. Because so many primary care physicians refuse to treat Medicaid recipients, many patients forgo or delay medical care, go to poorly financed public health clinics, or seek expensive care in hospital emergency rooms.

State governments deserve their share of the blame for the failure of the Medicaid system. Some states have rapidly increased costs by adding numerous and costly "optional" services. Others have developed absurdly skewed reimbursement mechanisms that have rewarded one group of providers while short-changing others.

Still, the primary responsibility for Medicaid's problems would appear to lie with the federal government. In recent years, the federal government has dramatically expanded the Medicaid program, showing a dismaying tendency to mandate eligibility and other requirements for the states, usually without including sufficient funding. Such mandates not only strain state budgets, but they deprive states of the flexibility necessary to experiment with programmatic reforms.

Moreover, federal control of Medicaid is part of a Washington mindset that believes in disregarding the unique composition of each state in favor of "one size fits all" solutions. But Utah, with its homogenous population, healthy lifestyle, low poverty rate, and highly developed network of private charity, is not New York, with a highly diverse population, drug and crime problems, high poverty concentrations, and dysfunctional social structures. To assert that health care programs for the poor should be identical in every state defies common sense.

Many of the current proposals for Medicaid reform revolve around the concept of block grants. However, block grants are far from the ideal answer for the need to remove the federal government from Medicaid. Such block grants are almost certain to continue to have numerous strings attached. Further, there is something less than clear logic in the idea of sending money from the states to Washington, having Washington take a cut off the top, then sending the money back to the states.

State governments deserve their share of the blame for the failure of the Medicaid system. Still, the primary responsibility for Medicaid's problems would appear to lie with the federal government.

A better approach would be to remove the federal government from Medicaid completely. State governments would determine what type of programs would best provide health care to the poor, would raise the funds for those programs through state taxes, and would be held accountable by their voters and taxpayers for the success of those programs.

Without the federal government looking over their shoulder, some states may attempt innovative reforms. Not all experiments will be successful. But given the disastrous current system, it is difficult to argue that the states could make the situation much worse.

CATO INSTITUTE

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Law

William Mellor

The Legal Services Corporation: Roadblock to Welfare Reform

While much of the current debate in Congress today addresses the funding of the Legal Services Corporation (LSC), more than dollars are at stake. The real issue is what LSC will do with the federal funding it receives. For thirty years LSC-supported organizations have waged a campaign to frustrate any welfare reform that seeks to restrict eligibility for welfare or to limit welfare benefits. That campaign continues today, with potentially dire consequences for widely supported welfare reform proposals.

LSC, and its precursor in the Office of Economic Opportunity, have funded organizations that consistently, aggressively, and effectively have pursued a strategic litigation campaign to institutionalize a vision of welfare that runs directly counter to current trends toward flexible state-based reforms. When confronted with this undeniable pattern, officials of the national LSC office seek to escape culpability by asserting that case selection is made by the boards of directors of local program offices. While procedurally that is true, it in no way diminishes the significance of the consistent use of impact litigation to achieve strategic goals, using taxpayer funds to thwart programs enacted by their elected representatives. It underscores, if anything, the futility of efforts to reform LSC by proscribing specific activities while allowing the funding to continue to pass through the national office to the local program offices.

The strategy that still guides LSC impact litigation was developed by Edward Sparer, the first director of the Center for Social Welfare Policy and Law (CSWPL) at Columbia University. He incorporated into his strategic blueprint the theories of Yale professor Charles Reich, who argued that the structure of modern society caused poverty and that, therefore, society was responsible for supporting the poor. Welfare, he asserted, was a right that should be secured by law. Under Sparer's leadership, CSWPL served as the national strategy center to affect welfare law through litigation. It continues, with LSC funding, to play a central litigation support role today by compiling and disseminating exhaustive reports on trends in welfare policy, litigation tactics, and legislative reforms that threaten the status quo.

As Congress and the states attempt to correct past flaws and promote greater individual responsibility among welfare recipients, LSC grantees are no doubt preparing to challenge most, if not all, of the measures under consideration: the denial of additional benefits to mothers who have additional children on welfare, the denial of cash benefits to teenagers, required father identification, child support enforcement, work requirements, time limits for receipt of welfare, and attempts to discourage illegitimacy. All of those changes have deep popular support. Why, then, are federal taxpayer dollars going to challenge much-needed changes in federal law?

The most sweeping and enduring precedent governing welfare laws has been achieved through LSC-sponsored litigation. However, most challenges by LSC-supported attorneys have failed in the courts or eventually been overturned by Congress. But regardless of the success or failure of a particular case, the litigation juggernaut has been relentless. The resulting impact on welfare reform and our social fabric has been highly detrimental. States face the expense and difficulty of defending against aggressively pursued lawsuits when the states attempt to reform their laws. New programs undergo years of uncertainty and delay. And a bureaucratic, destructive welfare system threatens to entrap yet another generation.

We unfortunately live in a society today where all individuals have greater need for lawyers than previous generations did. The poor, like the middle class, find themselves beset by insensitive bureaucracies, complex regulations, and confusing legislation. In determining how best to meet the legitimate needs for legal services of low-income individuals, Congress should start with the same premise that it does for the middle class. The recourse of first resort should be the private bar and non-governmental mediating organizations. Charities and nonprofits should be approached next. State and local governments should then be expected to do what they can. Only as a final resort should the federal government fund legal services for the poor, and then only in an accountable, clearly delineated program.

Any good that LSC accomplishes for individual clients is far offset by the harm it does in expanding and entrenching the welfare system.

The Legal Services Corporation, with its history and its agenda, cannot be reformed and thus cannot fill this role. Any good that LSC accomplishes for individual clients is far offset by the harm it does in expanding and entrenching the welfare system. Congress should end LSC's welfare rights activism once and for all by phasing out its funding.

William Mellor is president and general counsel of the Institute for Justice, 1001 Pennsylvania Avenue NW #22 South, Washington, DC 20004-2505; 202/457-4240, fax 202/457-8574.

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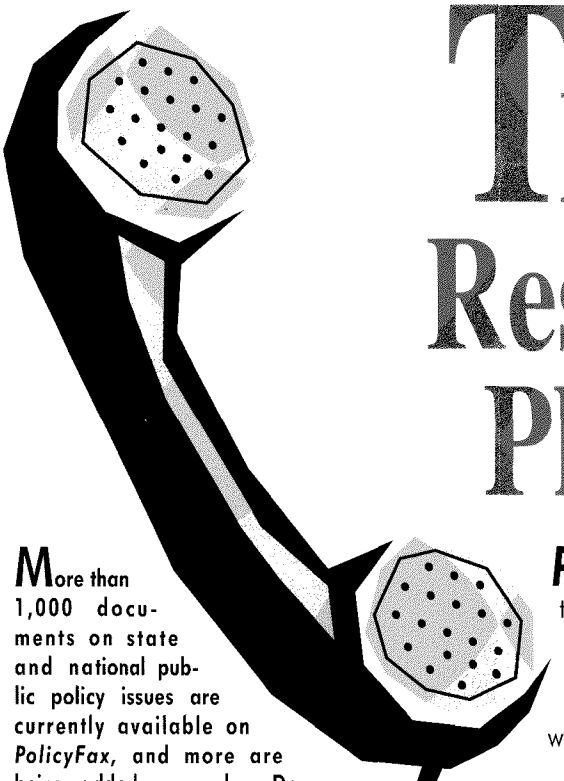

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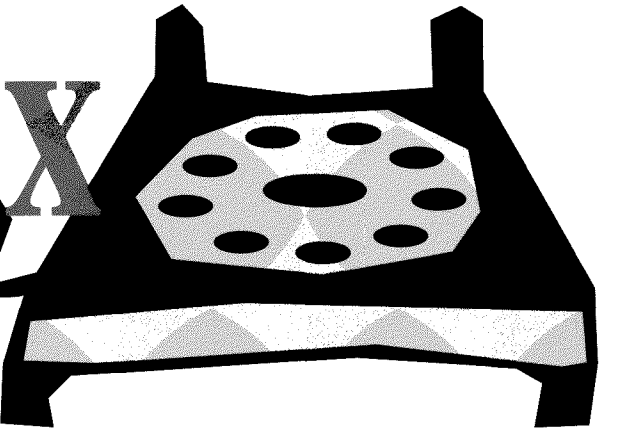

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Privatization

John O'Leary & William Eggers

The Art of Privatization

The Reason Foundation's annual report on privatization, *Privatization 1995*, documents the growing trend toward privatization, public-private partnerships, and contracting out in the United States.

According to *Privatization 1995*, the driving force behind privatization is economic rather than ideological. Political leaders of all political persuasions are acknowledging the benefits of competitive government. Cleveland mayor Michael White, a Democrat, claims: "Competition must become a fact of life, bringing the whole public sector into line with the realities of our economy." New York City mayor Rudolf Giuliani, a moderate Republican, agrees. "The theory of privatization is to produce competition and, by producing competition, to lower costs and produce better services," says Giuliani. Indianapolis mayor Stephen Goldsmith, a Republican, says that "competition must be approached as the fundamental aspect of change in government."

Privatization 1995 is available by calling the Reason Foundation at 310/391-2245.

Privatizing the arts

As Congress works on a budget, new controversy has arisen over federally funded cultural programs such as the National Endowment for the Arts, the National Endowment for the Humanities, and the Corporation for Public Broadcasting.

Most debates surrounding government art subsidies focus on the specific merits of particular works. Outraged commentators trot out their favorite piece of offensive government-funded art and condemn it as obscene, blasphemous, and un-American. Artists counter that attack with charges of censorship. Both sides sally forth brimming with righteous indignation.

Though often entertaining, such debates completely miss the point. Which art gets funded is irrelevant; what matters is who gets to decide. Government funding of the arts is not about art, or culture, or expression—it's about politics and money. Government arts funding means that money is taken away from individuals through taxes and spent on art selected by a government committee.

It is time to privatize the arts. The government shouldn't suppress the work of any artist, nor should it support the work of any artist at the expense of others. In the absence of government interference, a healthy market produces the sort of art that people enjoy.

Privatizing cultural institutions

Is it really the proper role of government to run zoos, museums, and botanical gardens? Not according to a growing number of local governments that are watching such entities thrive as private institutions. When it comes to cultural organizations, private charitable support is substantial. Individuals willingly support those cultural institutions they care about. When the Norfolk, Virginia Botanical Gardens went from a government entity to a private nonprofit entity, it received a $1 million donation the very same day.

In Walnut Creek, California, the Lindsay Museum, a nature and wildlife museum, gradually shifted from public to private during the early 1990s. The museum is on city land, rent-free, but otherwise operates privately. According to Darrel Mortensen, who oversees public services for the city, the museum has attracted over three thousand individual and corporate donors and enjoys the assistance of over eight hundred volunteers. "The museum wouldn't have gotten a lot of these grants if it had been city-funded," says Mortensen. "A lot of individuals and organizations are willing to give to a nonprofit, but not to a government agency."

In San Francisco, the private nonprofit San Francisco Zoological Society now runs the zoo that was formerly run by the city. The zoo received $12 million in pledges contingent on its going private, which it did in October 1993. "We have control over seeing that donor investments are protected," said the zoo's executive director, Margaret Burks. "Donors have more confidence now."

In Massachusetts, privatization also has helped reinvigorate two zoos, as private donors have stepped up their support.

With funding shortfalls threatening essential government services, it's time to reexamine priorities. There is no need for government to take charge of so personal a business as directing the artistic and cultural choices of free citizens. It's time to privatize the arts and let culture freely thrive.

Is it really the proper role of government to run zoos, museums, and botanical gardens? Not according to a growing number of local governments that are watching such entities thrive as private institutions.

John O'Leary and William Eggers are privatization experts at the Reason Foundation, 3415 South Sepulveda Boulevard #400, Los Angeles, CA 90034; 310/391-2245, fax 310/391-4395.

Reason Foundation

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Taxes

Stephen Gold

Flat Tax Would Lower Total Tax Burden Nationally

If Rep. Dick Armey (R-Texas) and Sen. Richard Shelby's (R-Ala.) newly introduced flat tax proposal were enacted this year by Congress, it would reduce the "tax-related burden" for the average taxpayer nationwide by an estimated 13.5 percent (from $7,800 to $6,740) and increase 1996 federal tax revenues by almost $5 billion.

The "tax-related burden," a measurement developed by the Tax Foundation's senior economist Arthur P. Hall, incorporates:

- individual tax obligations (what individuals pay directly to the Internal Revenue Service);
- corporate tax obligations (business taxes that are ultimately shared equally by business owners such as shareholders, partners and sole proprietors, and workers); and
- the costs of complying with income tax rules and regulations (including the costs of recordkeeping, education, form preparation, and packaging and sending, based on the IRS's estimate of hours spent on each activity).

Dr. Hall notes that the reduced burden in the Armey-Shelby plan stems from the taxpayer savings that would result from reducing the high paperwork costs associated with the current income tax. In his analysis, Dr. Hall estimates that the plan could reduce compliance costs from their current level of $140 billion to $8.4 billion, a drop of 94 percent. For individual taxpayers, that means a drop in average annual compliance costs from $1,200 under the current tax system to about $100.

The Armey-Shelby flat tax creates a progressive distribution of the tax burden. As shown in the table below, however, if implemented next year, the flat tax—at an initial 20 percent rate, to be lowered to 17 percent by the third year—would generate a much more proportional distribution of the tax burden than the current income tax. The major reasons are the proposal's elimination of the refundable Earned Income Tax Credit, which provides many taxpayers with a large negative tax liability; and its elimination of the multiple taxation of investment income—income initially taxed as business profits and then, after being distributed to investors in the form of dividends or capital gains, taxed again.

The Armey-Shelby plan substantially changes the definition of taxable income for both individuals and businesses. In particular, individuals will pay tax only on their wage and salary income and any retirement income they receive from pension plans and individual retirement accounts. To eliminate the multiple taxation of investment income, the Armey-Shelby flat tax does not tax individuals' interest, dividend, or capital gains income. Those forms of income are taxed on the business side of the flat tax. Businesses will pay tax on the difference between the gross revenue they receive from sales of goods and services and the cost (including wages) of producing such goods and services.

1996 Average Individual Tax Burden, Current Income Tax System versus Armey Flat Tax Plan

	current income tax system			Armey flat tax (20%)		
adjusted gross income	tax burden	compliance costs	total burden	tax burden	compliance costs	total burden
$1 to $5,000	$-160	$70	$90	$150	$40	$190
$5,000 to $10,000	-250	210	-40	470	50	520
$10,000 to $15,000	-150	340	190	910	60	970
$15,000 to $20,000	990	460	1,450	1,680	60	1,740
$20,000 to $25,000	2,230	590	2,820	2,490	70	2,560
$25,000 to $30,000	3,580	720	4,300	3,470	70	3,540
$30,000 to $40,000	4,950	920	5,870	5,100	80	5,180
$40,000 to $50,000	6,780	1,180	7,960	7,520	100	7,620
$50,000 to $75,000	9,770	1,630	11,400	11,460	120	11,580
$75,000 to $100,000	16,270	2,410	18,680	17,670	160	17,830
$100,000 to $200,000	27,260	4,110	31,370	27,190	250	27,440
$200,000 to $500,000	80,650	10,640	91,290	62,750	620	63,370
$500,000 to $1,000,000	225,540	25,810	251,350	142,600	1,470	144,070
$1,000,000 or more	969,180	118,230	1,087,410	514,010	6,880	520,890
all taxpayers	$6,600	$1,200	$7,800	$6,640	$100	$6,740

note: negative tax liabilities under the current income tax system result from the refundable earned tax credit.

Tax Foundation, 1995

TAX FOUNDATION

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Welfare

Robert Rector & James Hirni

Out of Wedlock Births and the New Jersey Family Cap

In 1992, Democratic Assemblyman Wayne Bryant won passage in the New Jersey legislature of an innovative welfare reform known as the "family cap." Under the family cap, mothers already enrolled in AFDC no longer receive an automatic increase in AFDC benefits after giving birth to additional children.

The impact of the family cap on the value of welfare benefits for AFDC mothers was quite small. The $64 benefit increase, which varied by family size, eliminated by the family cap constituted only 4 percent of the total monthly welfare benefits received by the average AFDC mother in New Jersey.

In the 15 months after the cap was initiated (August 1993) there was a significant decrease in the number of births to women on AFDC. In the year prior to the cap, the average monthly number of births was 1,327. But in the 15 months after the cap was implemented, the average monthly births among AFDC mothers fell to 1,200—an average monthly decrease of 127 births per month, or 9 percent.

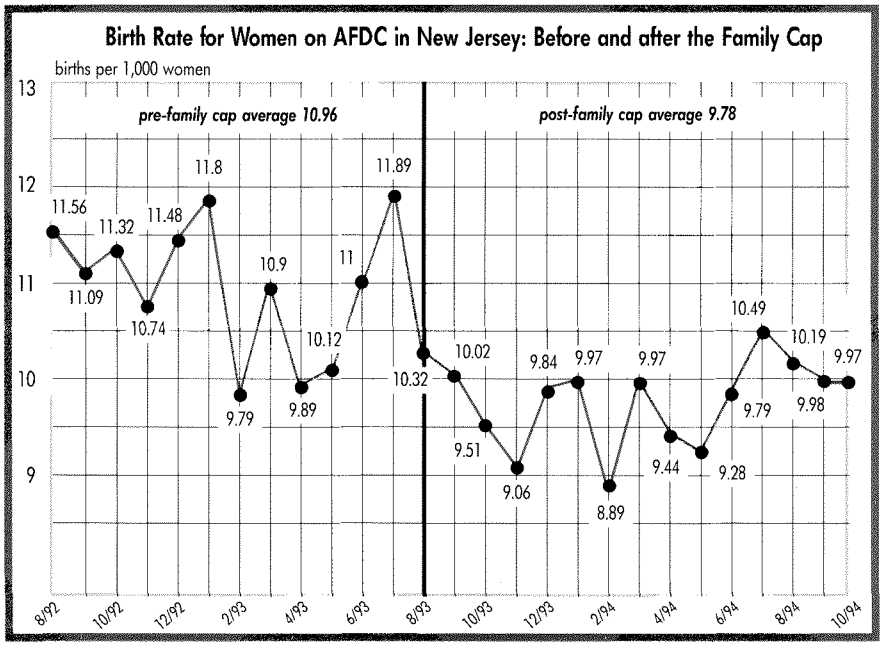
The chart below shows that in the year prior to the enactment of the family cap, the monthly birth rate was 10.96 per one thousand AFDC mothers. In the 15 months after the cap was enacted (August 1993), the average monthly birth rate fell to 9.78 per thousand, a decline of over 10 percent.

Critics of the family cap claim that the policy has not caused an actual reduction in the number of illegitimate births but merely a delay in welfare mothers reporting births to the welfare office. The critics assert that since mothers subject to the family cap no longer receive higher AFDC benefits upon the birth of an additional child, the absence of this reward makes the mothers less prompt in notifying the welfare bureaucracy of births.

However, under the family cap, AFDC mothers still have a strong financial incentive to notify the welfare bureaucracy of any child birth. The family cap limits only AFDC benefits; mothers on AFDC in New Jersey and subject to the family cap still receive increased food stamps and Medicaid benefits for each additional child born. Therefore, each AFDC mother still has an incentive to notify the welfare bureaucracy of a child birth.

More importantly, the data presented in the chart below have been retroactively adjusted for late reporting. The data record all the births that have been reported for a given month irrespective of when the report was made. For example, if an AFDC mother gave birth in October 1993 (two months after the cap went into effect), but did not report the birth until one year later, the birth was still recorded as occurring in the actual month that it occurred. This makes it very unlikely that the massive decline in births shown is merely a result of delayed reporting.

The New Jersey family cap was based on the moral principle that the welfare system should reward responsible rather than irresponsible behavior. Proponents maintained that it is both irresponsible and immoral for unmarried women already on the public dole to have additional children and to expect the taxpayers to give increased welfare to support those children. With the family cap, New Jersey proposed to stop rewarding such irresponsible behavior. Few expected the modest limit on benefits to result in a significant drop in births to welfare mothers. The fact that the experiment appears to have caused a surprisingly large drop in illegitimate births, and hence in welfare dependency, enhances the case for the policy.



The Heritage Foundation

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RESEARCH REPORT

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budget

Close it Down. Congress and the president appear headed for a federal budget collision course that could result in the temporary shutdown of the federal government. Congress should stick to its guns and let the president blink first. Not only is Congress correct to reduce federal spending, but as was demonstrated in 1990—the last time such a situation occurred—the actual impact of a closed government is not nearly as severe as we have been led to believe. This is an opportunity for Congress to be on the side of real change, rather than of business as usual. Paul Beckner and James Gattuso, "Congress and the Coming Budget Standoff: Let the President Blink First," *CSE Memorandum*, August 9, 1995, Citizens for a Sound Economy.

Gardening and Budget Cuts. Rather than eliminating wasteful government programs entirely, Congress instead has opted for merely trimming their budgets. If "Congress refuses to zero out needless government programs," writes policy analyst Neil Stekloff, "the budget is unlikely to be balanced in the long term. History has shown that it is virtually impossible to gradually zero out funding for government programs. Like weeds that are not uprooted, they always grow back. . . . Only by pulling government programs out by the roots can Congress ensure that they will not return. In the long run, this is the only way to preserve the hope of a balanced budget." Neil B. Stekloff, "Trimming Weeds and Giving Haircuts: An Attempt to Defy History in Balancing the Budget," *Capitol Comment*, July 14, 1995, Citizens for a Sound Economy.

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What Spending Cuts? Opponents of tax cuts point to the 1980s as they warn against skyrocketing budget deficits. But the deficits of the 1980s were *not* caused by tax cuts as much as they were by a dramatic growth in government spending. In fact, federal tax rates rose every year but one during the 1980s, increasing from $599 billion in 1981 to $1 trillion in 1990. "The real lesson of the 1980s is that if Congress had limited spending increases to the rate of inflation during the '80s, we'd have a $46 billion budget surplus today." Bryan Riley, "Does the Government Tax Too Little or Spend Too Much," *Capitol Comment*, July 31, 1995, Citizens for a Sound Economy Foundation.

PolicyFax #0800111

civil rights

Affirmative Action and California Medical Schools. The debate over race-based preferential policies in California's public sector is heating up. Recently the California Board of Regents voted to end such policies in admissions decisions in the University of California system. This Pacific Research Institute study by Michael Lynch takes a close look at the criteria for admissions into the University of California's five schools of medicine. *Did you know* that from 1991 to 1993, "Under-Represented Minorities" (African Americans, American Indians, Mainland Puerto Ricans, and Mexican Americans) were admitted to the five UC Schools of Medicine at rates that ranged from two to four times the rates of other applicants? Michael Lynch, "Race-Based Admissions at University of California Medical Schools," *Briefing*, June 1995, Pacific Research Institute for Public Policy.

PolicyFax #1200408

A recent poll by *USA Weekend Magazine* surveyed 248,000 teenagers about their racial attitudes. The results are encouraging: 72 percent say they have a close friend of another race, and 71 percent say they would date a person of another race. Nevertheless, nine out of ten of those surveyed say they oppose affirmative action in hiring and college admissions to make up for past discrimination. **William Raspberry, "Salvaging Parts of Affirmative Action," *Chicago Tribune*, August 22, 1995.**

Equal Treatment, Not Affirmative Action. Affirmative action meant to prohibit racial discrimination in employment, but it has since evolved into an elaborate system of quotas and preferences. Truly equal opportunity should reaffirm Justice Thurgood Marshall's statement that the Civil Rights Act "prohibits all racial discrimination in employment, without exception for any group of particular employees." Congress should act to reform affirmative action, complete with its complex menu of quotas and targets, in favor of the restoration of equal treatment of all races. Nelson Lund, "Reforming Affirmative Action in Employment: How to Restore the Law of Equal Treatment," *Committee Brief*, August 2, 1995, The Heritage Foundation.

PolicyFax #1200410

economic development

The Elusive Benefits of Boston's "Megaplex." The city of Boston is debating whether it should build a taxpayer funded "megaplex"—a combined sports-convention facility. Three experts argue at a Pioneer Institute Forum that the megaplex would be unlikely to generate the benefits advocates of the project say it would. *A lesson for Boston?* The Toronto Skydome similarly began as a public-private partnership. Ontario taxpayers were told that their "investment" of about $120 million was a wise one. But the taxpayers ultimately paid $322 million, and after the province sold its interest to private owners, the taxpayers lost $202 million. "Megaplex: Civic Asset or Public Albatross?" *Dialogue*, July 1995, Pioneer Institute for Public Policy Research.

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New Zealand: Success Story. For years New Zealand was one of the world's wealthiest countries. But by the late 1970s a combination of excessive government spending, regulation, taxation, and protectionism turned the country's economy into a shambles. Since 1984, however, New Zealand has been making a comeback, thanks to a regular regimen of privatization, open markets, deregulation, and tax and spending cuts. In 1994 the World Competitiveness Report ranked New Zealand first in the world for government policy designed to develop a competitive business environment. His Excellency John Wood, "New Zealand: A Blueprint for Economic Reform," *The Heritage Lectures*, June 16, 1995, The Heritage Foundation.

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education

Making Schools Work. School spending has risen and student-teacher ratios have fallen. Yet by most measures, student performance has not improved during the past three decades. At best, it has remained flat. At worst it has fallen dramatically, as SAT scores indicate. *Did you know* that real per-pupil spending has increased from $164 in 1890 to $772 in 1940 and to $4,622 in 1990—roughly quintupling in each fifty-year period. Eric A. Hanushek, "Making Schools Work: Spending and Student Achievement," *Policy Study*, September 26, 1995, The Heartland Institute. (This document is available on the World Wide Web at **http://www.heartland.org/hanushps.htm**)

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Getting More Education for the Money. "Why does the world's most productive country have the world's least productive school system?" asks Dr. Herbert J. Walberg. "The reasons are many and varied: child abuse, single parenthood, teen pregnancy, non-uniformity of curriculum, an over-emphasis on administration over teaching, and the loss of local control over funding and management." Herbert J. Walberg, "Getting More Bang for Our Education Buck," *Perspective*, July 27, 1995, The Heartland Institute.

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Class Size and Student Achievement. For years teachers and administrators have blamed low student achievement on high student-teacher ratios. Yet the evidence in favor of such a view is not compelling. Experiments with lowering student-teacher ratios have been conducted in Indiana, Nevada, and Tennessee. Only Tennessee students managed to demonstrate *any* improvement. Their improvement, moreover, was minor (3.3 percent) and, in the long run, most likely temporary. The enormous costs associated with mandating low student-teacher ratios are not outweighed by the tiny benefits. Jeffry Flake, Eric VonDohlen, and Mary Gifford, "Class Size and Student Achievement: Is There a Link?" *Arizona Issue Analysis*, August 1995, Goldwater Institute.

PolicyFax #2176403

Small Improvement. America's educational system has made modest gains in recent years. According to recently released data from the U.S. Department of Education, the national high school dropout rate improved from 13.9 percent in 1982 to 11 percent in 1993.

Urban Public School Teachers Choose Private Schools. Denis P. Doyle concludes that "urban teachers' behavior shows us that the more you know about a city's public schools, the less likely you are to send your children to them." Nationwide, 13.1 percent of American families send their children to private schools, as opposed to 12.1 percent of public school teachers. But the situation is very different in America's urban areas, where public school teachers are considerably more likely to invest in a private school education for their children. In Boston, for example, 24.4 percent of public school teachers with annual incomes of less than $35,000, and 65.8 percent of those with annual salaries of greater than $70,000, send their children to private schools. Denis P. Doyle, "Where the Connoisseurs Send Their Children to School," *Hudson Briefing Paper*, September 1995, Hudson Institute.

PolicyFax #2180408

environment

A Property Rights Revolution. Property rights are reasserting their importance in American thought. A new book, edited by distinguished economist Bruce Yandle, features chapters by some of the nation's leading legal and political experts in property rights issues. One particularly useful chapter by Hertha L. Lund outlines recent state efforts to protect property rights against government encroachment. Bruce Yandle, ed., *Land Rights: The 1990s' Property Rights Rebellion*. Lanham, MD: Rowman and Littlefield Publishers, Inc., 1995.

Endangered Property Rights. Twenty years ago, Margaret Rector bought fifteen acres of land as an investment for her retirement. Now she is 73, and her land sits idle because it is suitable habitat for the golden-cheeked warbler. Rector and others like her have lost the use of their property through environmental regulations, yet have not been compensated for their losses. It is time for Congress to restore protection of property rights, writes the president and chief legal counsel of Defenders of Property Rights. Nancie G. Marzulla, "Are Property Rights Facing Extinction?" *Perspective*, August 17, 1995, The Heartland Institute.

PolicyFax #2366107

A 1995 Roper-Starch poll found that 66 percent of Americans think that "the government should be required to compensate" individuals and businesses who suffer land devaluations due to federal wetlands and species protection regulations. Only 26 percent disagreed with that proposition. **Competitive Enterprise Institute, August 1995.**

California Endangered Species Act Reform. Congress isn't the only legislative body adding protection of property rights to endangered species legislation. The California legislature is currently considering two bills that would require the government to compensate property owners when they suffer financial loss as a result of government regulations. One, SB 131, would do little to protect the majority of property owners and should be scrapped; the other, AB 137, would offer excellent protection of property rights. Robert J. Ernst III, "Two Approaches to Compensated Takings under the California Endangered Species Act: A Comparison of SB 131 and AB 137," *Briefing*, July 10, 1995, The Claremont Institute.

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Environmental Curricula. Environmental education is becoming an increasingly influential part of our children's education.

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But much of what they are learning is misleading, if not downright wrong. "[We] need more emphasis on the basics, not on current fads that hide a political agenda. If we must teach children special units on the environment, the focus should be on careful scientific and economic analysis, not twisted facts." Michael Sanera and Burton Folsom, "Enviromania in the Textbooks," *Viewpoint*, August 7, 1995, Mackinac Center for Public Policy.

PolicyFax #2394108

How the Media Portray Reform. The Advancement of Sound Science Coalition recently commissioned a study of the news media's coverage of proposed environmental and regulatory reforms. The study found that the media's portrayal of Republican reforms was overwhelmingly negative; an analysis of 1,392 paragraphs found in articles published by the nation's leading newspapers revealed that 68 percent of the paragraphs contained anti-reform themes, compared to only 32 percent in favor of reform. Network television newsmagazine shows were similarly biased against Republican reforms, as 70 percent of the programs' content featured negative spins. Robert M. Entman, Ph.D., "Media Coverage of Congressional Proposals for Reform of Environmental, Public Health, and Safety Regulation," July 7, 1995. Contact The Advancement of Sound Science Coalition, P.O. Box 18432, Washington, DC 20036, 800/369-6608.

Rangeland Reform. "It is time to rethink our use of public lands," write land-use experts Karl Hess, Jr. and Jerry L. Holechek. "New institutions and policies—predicated on deregulation and the end of command and control—are needed. First, ranchers, not taxpayers, should shoulder the fiscal burden of private grazing on public lands. Second, grazing permits should be made marketable to persons other than ranchers and for uses other than livestock. Third, control over federal lands should be decentralized in selected areas on a trial basis. Fourth, range reform should be taken to its limits, extending local control and opening debate on partial or full divesture of public lands." Karl Hess, Jr. and Jerry L. Holechek, "Beyond the Grazing Fee: An Agenda for Rangeland Reform," *Policy Analysis*, July 13, 1995, Cato Institute.

PolicyFax #0400307

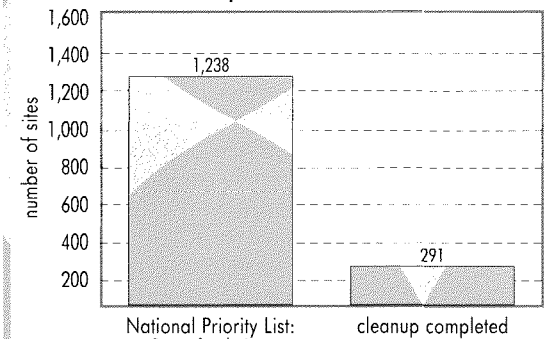
Reality Check. "Right now, no one knows enough about global warming to advocate with certainty the kinds of actions that could jeopardize our economic well-being," writes William O'Keefe, executive vice president of the American Petroleum Institute. "It does mean actions must be based on facts, not misperceptions and myths. It does mean a mind-set that reexamines, rethinks and changes course based on new knowledge." *Did you know* that in the United States we are currently spending about $2 billion annually on global climate change research? William O'Keefe, "Time for a Reality Check on Global Climate Change Policies." Contact the American Petroleum Institute, 1220 L Street NW, Washington, DC 20005, 202/682-8000.

PolicyFax #2329201

What Global Warming? The United States currently spends $2.1 billion per year on climate research, but the evidence that man-made global warming is a proven environmental threat is suspect, writes S. Fred Singer, director of the Science and Environmental Policy Project. The theory is "not grounded in fact but springs from the feverish imagination of activists and their ideological desire to impose controls on energy use and micromanage economic growth." S. Fred Singer, "Is Man-Made Global Warming a Proven Environmental Threat? No." *Insight on the News*, September 4, 1995, pp. 19, 21.

PolicyFax #2329106

Superfund's Record



EPA Superfund Hotline

Commonsense Superfund Reform. Despite expenditures of between $20 billion and $30 billion, Superfund has failed to clean up more than a small fraction of the nation's worst hazardous waste sites, writes Heritage Foundation analyst John Shanahan. Shanahan argues that cleanup of the remaining current and potential sites could cost an additional tens of billions of dollars. To fix Superfund, Congress should not merely tinker with the program; it must correct Superfund's fundamental flaws. Among the reforms that would help would be to turn cleanup projects—with the necessary funding—over to the states. John Shanahan, "How to Rescue Superfund: Bringing Common Sense to the Process," *Backgrounder*, July 31, 1995, The Heritage Foundation.

PolicyFax #2333408

Superfund Ain't So Super. Superfund suffers from three major flaws: absurd siting criteria, absurd cleanup standards, and an absurd liability scheme. Those flaws result in a hugely expensive program that almost inevitably ensures "the smallest bang for the most amount of bucks." The Environmental Protection Agency's standards are, according to the environmental research group PERC, based on risks that are "far smaller than the chance of being killed by a falling airplane." "From Love Canal to Present, Superfund Ain't So Super," *Citizen Outlook*, July/August 1995, Committee for a Constructive Tomorrow.

PolicyFax #2333107

What's Wrong with Superfund? The Superfund program—created in the wake of public concern over toxic wastes at Love Canal—imposes billions of dollars in costs on consumers and local communities while providing few benefits in return. In addition, the program's liability rules delay the cleanup process and impose inequitable costs on businesses and communities. Superfund cleanup costs, for example, average $32 million per site. Compare that to the $28 million budget for the entire police force of Grand Rapids, Michigan. "The Superfund program," writes analyst Wayne T. Brough, "requires fundamental reforms that implement sound risk management practices and a more cost-effective allocation of resources." Wayne T. Brough, "Superfund Unplugged," *Issues and Answers*, August 11, 1995, Citizens for a Sound Economy Foundation.

PolicyFax #2333409

Why We're Gaining Wetlands. For years the United States's wetlands policy has been based on the principle of "no net loss." But over the last five years American wetlands have made a dramatic recovery. In 1994, for example, expected wetlands restoration to-

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taled 195,000 acres, as opposed to wetlands losses of 102,000 acres. Writes policy analyst Jonathan Tolman: "This is not to say that wetlands are no longer an environmental concern. Rather, the debate should turn away from alarmist rhetoric about wetland loss and focus on realistic policy solutions." Jonathan Tolman, "Why We're Gaining Wetlands," *Brief Analysis*, August 16, 1995, National Center for Policy Analysis.

PolicyFax #2378304

Analyzing Risk. A distinguished environmental scientist presents three principles for regulatory reform: the assessment of risk at low exposure levels must be based on sound science; risks from man-made chemicals and radiation must be viewed in context with equivalent risks from natural sources; and the scientific function of assessment must be separated from the regulatory function of risk management. S. Fred Singer, "Overdue rational risk analysis," *Washington Times*, August 2, 1995.

PolicyFax #2313110

family

Just Turn It Off! The U.S. Senate recently passed a proposal requiring all new television sets to include a computer chip that would allow parents to encode certain programs they don't want their children to watch. The proposal is not only a badly thought-out quick fix riddled with potential pitfalls, it is also a danger to American liberty. Parents already have a valuable tool with which they can regulate what their children watch: it's called the on-off switch. Woody West, "The Kids Are Not All Right: Family Values Via the V-Chip," *Insight on the News*, August 21, 1995, p. 40.

Forty percent of all families have net financial assets of less than $150. Even families on the verge of retirement, headed by persons ages 55 to 64, have median net financial assets of only $6,880.
Joseph M. Anderson, "The Wealth of U.S. Families in 1991 and 1993," Capital Research Associates, 1994.

government

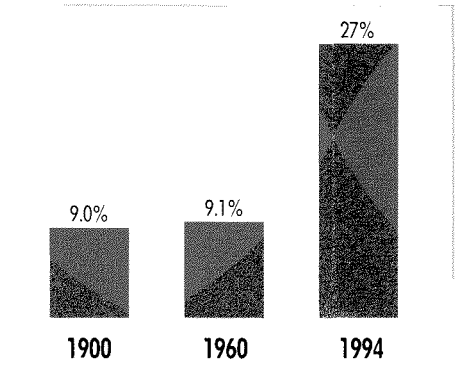
Downsizing Government: Do It Quickly! The Hon. Donald Rumsfeld—business leader and former congressman, presidential chief of staff, and Secretary of Defense—explains why government should be downsized sooner rather than later. "The choices to be made affect real people with careers, mortgages to pay, and families to raise, to be sure. But Congress oversees an enterprise facing bankruptcy, and the consequences of not acting now, swiftly and firmly, will be devastating for a far greater number of people. The right decisions made now, however tough, can help to restore the long-term health of the government, our economy, and our country." Hon. Donald Rumsfeld, "Thoughts from the Business World on Downsizing Government," *Policy Study*, August 25, 1995, The Heartland Institute. (This document is available on the World Wide Web at **http://www.heartland.org/rumsfeld.htm**)

PolicyFax #2800302

Eliminate the Commerce Department. The U.S. Department of Commerce benefits a few select businesses at the expense of the millions of other businesses, large and small, that pay the taxes that finance the Department. The majority of the Department's activities could be eliminated without serious loss, and those functions that truly are necessary could be consolidated into other departments or placed in private hands. In a time of fiscal austerity and re-empowering taxpayers, Congress should end funding for the Commerce Department. Murray Weidenbaum, "Abolish the Department of Commerce Now," *Testimony*, July 24, 1995, Center for the Study of American Business.

PolicyFax #0800201

Percent of Children Living with a Single Parent



Linda Gordon, Pitied But Not Entitled: Single Mothers and the History of Welfare 1890-1935, *and U.S. Bureau of the Census*, Current Population Survey, *(March 1994)*

Government's War on Social Drinking. In its zeal to crack down on alcohol abuse, the federal government has also targeted social drinking. Writes Doug Bandow: "In the name of preventing abuse, the Department of Health and Human Services has been waging a taxpayer-funded campaign to discourage socially responsible drinking. Indeed, the Department has used public funds to promote media and political campaigns for higher excise taxes, restrictions on advertising, and destruction of private billboards. At times officials appear to have skirted the ban on taxpayer-funded lobbying, violating the spirit if not the letter of the law." Doug Bandow, "The Politics of Science: The Federal Bureaucracy's War on Social Drinking," *Policy Report*, June 1995, John Locke Foundation.

PolicyFax #7200407

Lessons from a New Governor. When George Pataki unseated liberal icon Mario Cuomo as governor of New York, it was a signal that the elections of 1994 represented not just a change in leadership, but a desire for revolutionary change. Since taking office in January, Pataki has passed welfare reform, stiffened anti-crime legislation, reduced taxes and spending, and brought New York along the path of education reform. In this recent speech Pataki sets forth lessons for reformers in this new political age: "Seek no incremental change. Pursuing only half-steps takes the focus off liberalism's sweeping failure and deprives us of the larger philosophical and practical arguments that can carry the public debate." Hon. George Pataki, "Federalism on the Hudson: The Empire State Strikes Back," *The Heritage Lectures*, July 12, 1995, The Heritage Foundation.

PolicyFax #0865201

Ridiculous Laws. The Mackinac Center for Public Policy recently sponsored a contest to unearth some of Michigan's most outrageous laws. The laws range from the silly to

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the absurd. Did you know that in Michigan it is illegal to display on a motor vehicle any emblem or insignia of any organization or association unless the owner of the vehicle is a member of that organization or association? Or that endurance contests are outlawed in Michigan, specifically those contests known as walkathons? "Selected Entries in the 1995 Outrageous Law Competition," Mackinac Center for Public Policy.

health care

Eleven Ways to Reform Medicare. Medicare is in serious financial trouble, and there is no shortage of proposals to fix the system. This new briefing from The Heritage Foundation serves as an objective guide to reform ideas from the Clinton Administration, the Brookings Institution, The Heritage Foundation, National Center for Policy Analysis, National Committee to Preserve Social Security and Medicare, United Seniors Association, Inc., American Hospital Association, American Medical Association, Federation of American Health Systems, Group Health Association of America, and Healthcare Leadership Council. John C. Liu, "A Guide to Medicare Reform Proposals," *F.Y.I.*, August 4, 1995, The Heritage Foundation.

Not All Seniors Oppose Medicare Reform. The United Seniors Association has published a new paper on Medicare reform by noted health care analyst Peter Ferrara. Ferrara argues that unless there is fundamental reform, the Medicare payroll tax paid by today's workers will skyrocket 250 percent. Moreover, the monthly premiums paid by the elderly for Medicare will increase by 400 percent. And even with massive tax hikes and premium increases, Medicare's share of the federal deficit will be almost as large as, or even larger than, the entire federal deficit today. Ferrara proposes a seven-step reform agenda that would alleviate the system's current financial burden. Contact United Seniors Association, Inc., 12500 Fair Lakes Circle #125, Fairfax, VA 22033, 703/803-6747.

The Way to Reform Medicaid. The Congressional Budget Office estimates that federal outlays for Medicaid will be $89.2 billion in 1995, and states will spend an additional $67.3 billion. Unless Congress slows the growth of Medicaid, balancing the federal budget will be impossible. The National Center for Policy Analysis has proposed six reforms that would substantially reduce Medicaid costs without adversely affecting Medicaid recipients. James R. Cantwell, "Reforming Medicaid," *Policy Report* No. 197, August 1995, National Center for Policy Analysis.

PolicyFax #3228409

Georgia's New Health Care Reform. Georgia has enacted a new health care reform bill that allows Georgians to keep their health care coverage even if they switch jobs. This new portability law, which takes effect in April 1996, will ensure access to continuous health insurance for individuals who have been previously insured for ninety days or more. "By eliminating the need for people to go without insurance between jobs and by lowering the number of people who become uninsurable due to pre-existing conditions, the new law should dramatically reduce the number of uninsured individuals in Georgia." Kelly McCutchen, "Georgia Enacts Significant Health Care Reform," *Commentary*, July 1995, Georgia Public Policy Foundation.

> The total time to develop and gain FDA approval of a new drug is now 14.5 years. That's up from 8.1 years in the 1960s. **Small Business Survival Committee, August 1995.**

Putting the Brakes on the FDA. Between 1983 and 1990 the Food and Drug Administration approved an average of 45 new medical devices per year, with an average approval time of about 150 days. By 1994 only 26 such devices were certified by the FDA, with approval times averaging 604 days. "The FDA's regulation of medical devices has produced little if any benefit but imposed large and increasing costs," writes Robert Higgs, research director at the Independent Institute. "Those costs are not just economic; they also include deaths and human suffering. Ideally, the laws authorizing the FDA's regulation of medical devices would be repealed. At a minimum, Congress should alter the FDA's authority, making the administration an agency for certifying products instead of an agency for outlawing products, micromanaging the operations of the device firms, and impeding innovation." Robert Higgs, "Wrecking Ball: FDA Regulation of Medical Devices," *Policy Analysis*, August 7, 1995, Cato Institute.

PolicyFax #3273301

Grassroots Health Care Reform. Medical Savings Accounts legislation has been the single most popular state health care initiative in 1995. So far this year, 29 states have introduced MSA bills, and eight have enacted them. Such action is in stark contrast to reform at the national level, which has been far more timid. "Congress should take note of the overwhelming success of MSAs at the state level. Their success demonstrates that the American people want Medical Savings Accounts and that the private sector is ready to provide them." Molly Hering Bordonaro, "Medical Savings Accounts and the States: Growth from the Grassroots," *Brief Analysis*, August 3, 1995, National Center for Policy Analysis.

PolicyFax #3253108

How to Make Health Insurance Portable. One of the biggest problems facing workers who change jobs often is that their employer-provided health insurance is not "portable." The National Center for Policy Analysis has proposed four reforms that would help solve that problem. The reforms include expanding the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), which allows an employee leaving his job to continue his health insurance policy for 18 months; adopting Medical Savings Accounts; guaranteeing insurance for insured job switchers; and encouraging state-based high-risk pools. "Solutions to the Problem of Health Insurance Portability," *Brief Analysis*, July 11, 1995, National Center for Policy Analysis.

PolicyFax #3236110

Learning from Britain. Last year the United States debated the merits of a national health care system. The debate is temporarily stalled but far from over. This new book by Scottish professor W. Duncan Reekie offers a warning to all who would portray the British health care system as a model for America. For nearly fifty years the United Kingdom has been proving by example that government-run health care is inferior to its privately provided counterpart. W. Duncan Reekie, *Government in Healthcare: Lessons from the U.K.* Hayward, CA: Smith Center for Private Enterprise Studies, 1995.

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housing

What to Do about HUD? The U.S. Department of Housing and Urban Development is again under fire. President Clinton has resolved to "reinvent" it, while a number of Republican legislators have proposed terminating the department. The best policy, writes Hudson Institute senior fellow and former HUD assistant secretary for policy development John Weicher, is to limit HUD to the things it can do well—such as providing housing vouchers. That simple reform would not only reinvent HUD in reality, but would also achieve a major redirection of federal housing and urban policy. John C. Weicher, "HUD: Abolition, Reinvention or Real Reform?" *Hudson Briefing Paper*, August 1995, Hudson Institute.

PolicyFax #9232406

labor

Repealing Davis-Bacon Will Save Money. The 1931 Davis-Bacon Act and its sister, the 1965 Service Contract Act, require that all construction workers employed under federal government contracts be paid the "prevailing wage" (as determined by the Labor Department) for their specific type of work in their specific geographical area. But such laws dramatically increase costs. According to the Congressional Budget Office, repeal of the two laws would save taxpayers $5.8 billion over five years. Michael F. Cannon, "Bringing Home the Davis-Bacon: How Congress Wastes Billions on Inflated Wages," *Capitol Comment*, July 31, 1995, Citizens for a Sound Economy Foundation.

PolicyFax #2200105

philanthropy

A Rich Tradition of African-American Philanthropy. "Despite what is reported daily on television and in the newspapers, not all African Americans experience the blight and hopelessness of the inner cities. Many successful blacks stand on the shoulders of their ancestors, who established strong traditions of self-help and philanthropy." This analysis by John Sibley Butler, professor of sociology and management at the University of Texas at Austin, examines black philanthropy's rich history and stresses the need to reinvigorate those traditions. Dr. John Sibley Butler, "African-American Philanthropy: Past and Present," *Alternatives in Philanthropy*, August 1995, Capital Research Center.

Mrs. Clinton's Foundation. With assets in excess of $3.7 billion, the Robert Wood Johnson Foundation is the largest private foundation in the United States devoted solely to health care issues. Two recent lawsuits have revealed that the Foundation was remarkably influential "on the Clinton Administration's secret White House Health Care Task Force, and on the simultaneous efforts by many states to enact comprehensive health reform laws compatible with the requirements of the Clinton scheme." A fascinating story of an "alarming power grab." Genevieve M. Young, "Robert Wood Johnson Foundation: One Philanthropy's Web of State Health Care Initiatives," *Organization Trends*, August 1995, Capital Research Center.

privatization

How to Privatize Orange County's Airports. Many experts have proposed selling the airports of Orange County as a partial solution to the county's fiscal crisis. But how should Orange County go about the task? This new study outlines a step-by-step process for California policymakers. Robert W. Poole, Jr., "How to Privatize Orange County's Airports," *Policy Study* No. 194, August 1995, Reason Foundation.

taxes

Income Tax, R.I.P. U.S. Rep. Bill Archer is one of Congress's leading proponents of replacing the federal income tax with a national consumption tax. Archer argues that his plan not only would eliminate the need for Americans to spend the 1.8 billion hours they currently spend preparing their tax returns, but also would increase savings rates and advance our competitiveness overseas. Bill Archer, "Rethinking Federal Taxation: Should the Government Have First Dibs on Your Pay?" *Commentary*, July 1995, Georgia Public Policy Foundation.

PolicyFax #8024103

Taxing Justice. The Illinois state legislature is considering a proposal that would place a 5 percent surcharge on court filing and appearance fees, with the resulting revenues used to fund legal aid organizations. But such a proposal is unfair because it selects litigants—people already burdened with the cost of their own litigation—as a target for the tax, violates the principle of equal treatment under the law, and violates the Illinois state constitution. Joseph L. Bast, "Taxing Justice Is a Bad Idea," *Perspective*, August 9, 1995, The Heartland Institute.

PolicyFax #4800102

According to Harvard University's Dale Jorgenson, flat tax proposals such as the one proposed by House Majority Leader Dick Armey could increase national wealth by over 5 percent—as much as one *trillion* dollars. **Competitive Enterprise Institute, August 1995.**

Ten Reasons for a National Sales Tax. Investment advisor Milton Norris presents ten reasons why a national sales tax would be the best federal tax reform we could implement. "The case for replacing the income tax with a retail sales tax is compelling. Such a change would promote economic growth, restore fairness, build citizenship, and preserve civil liberties," writes Norris. Milton Norris, "Ten Reasons for a National Sales Tax," *Perspective*, September 8, 1995, The Heartland Institute.

PolicyFax #8076303

Where to Find $245 Billion of Tax Relief. Congress has agreed in theory to the idea of $245 billion in tax relief, but now begins the difficult task of agreeing to specific proposals. The Heritage Foundation has identified 13 distinct proposals that would cut tax burdens for American families, seniors, and businesses. "A Guide to Tax Package for the Budget Resolution," *Backgrounder*, July 21, 1995, The Heritage Foundation.

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The NEA . . . In Its Own Words

(The National Education Association [NEA], with its more than two million members, is America's largest labor union. It is also one of the country's staunchest foes of education reform. But although the NEA's stance against vouchers and school choice is well known, fewer people may realize how generally politicized the organization is. As the following passages—actual excerpts from NEA resolutions—make clear, many of the NEA's positions suggest that the organization is less concerned with educational excellence than with publicly airing its hodgepodge of leftist demands. —Ed.)

***A-27.* Deleterious Programs.** The National Education Association believes that the following programs and practices are detrimental to public education and must be eliminated: privatization, performance contracting, tax credits for tuition to private and parochial schools, voucher plans (or funding formulas that have the same effect as vouchers), planned program budgeting systems (PPBS), and evaluations by private, profit-making groups.

***A-28.* Federally or State-Mandated Choice/Parental Option Plans.** The Association opposes federally or state-mandated choice or parental option plans.

***A-29.* Tuition Tax Credits.** The Association believes that all federal and state legislation designed to establish or implement plans for prekindergarten through grade 12 tuition tax credits is detrimental to the public interest and urges its affiliates to work for the defeat of such legislation.

***A-30.* Voucher Plans.** The Association believes that legislation or ballot initiatives/referenda designed to establish or implement prekindergarten through grade 12 voucher plans are detrimental to the public interest and calls upon its affiliates to work for the defeat of such actions.

***B-27.* Multicultural/Global Education.** The National Education Association believes that multiculturalism is the process of valuing differences and incorporating these values into behavior for the goal of achieving the common good. The Association further believes that multicultural/global education is a way of helping students perceive the cultural diversity of the U.S. citizenry so that they may develop pride in their cultural legacy. Multicultural/global education develops an awareness of cultures and an appreciation of our interdependency in sharing the world's limited resources.

***B-38.* Environmental Education.** The Association further urges the development and improvement of educational programs that will

a. promote the concept of the interdependence of humanity and nature;

b. develop an awareness of the effects of past, present, and future population growth patterns on world civilization, human survival, and the environment;

c. promote an understanding of the necessity to protect endangered, threatened, and rare species;

d. promote an understanding of the necessity to protect the earth's finite resources.

The Association urges its affiliates to support environmental programs in school systems.

***B-52.* Standardized Testing of Students.** The National Education Association opposes standardized testing that is mandated by local, state, or national authority. The Association also opposes the use of these tests to compare one student, staff member, school, or district with another.

***B-63.* Home Schooling.** The National Education Association believes that home schooling programs cannot provide the student with a comprehensive education experience. The Association believes that if parental preference home schooling study occurs, students enrolled must meet all state requirements. Instruction should be by persons who are licensed by the appropriate state education licensure agency, and a curriculum approved by the state department of education should be used. The Association further believes that such home schooling programs should be limited to the children of immediate family, with all expenses being borne by the parents.

***D-18.* Competency Testing and Evaluation.** The National Education Association believes that competency testing must not be used as a condition of employment, license retention, evaluation, placement, ranking, or promotion of licensed teachers.

***H-6.* National Health Care Policy.** The Association supports the adoption of a single-payer health care plan for all residents of the United States, its territories, and the Commonwealth of Puerto Rico.

***H-10.* Statehood for the District of Columbia.** The Association urges its affiliates to support efforts to achieve statehood for the District of Columbia.

***New H.* Celebration of Diversity in Thanksgiving.** The National Education Association believes that Thanksgiving is the recognition of unity and the rich American diversity that was embodied in the settlement of America. The Association further believes that this national holiday must celebrate the coming together of peoples and the inclusion of all immigrants as a part of this great diverse country.

***I-11.* Civil Rights.** The Association calls upon Americans to eliminate—by statute and practice—barriers of race, color, national origin, religion, philosophical beliefs, political beliefs, gender, sexual orientation, age, disability, size, marital status, and economic status that prevent some individuals, adult or juvenile, from exercising rights enjoyed by others.

***I-28.* Control of Guns.** The National Education Association believes that stricter legislation is needed to control guns and other deadly weapons.

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Employers Turn to Medical Savings Accounts

by Michael Bond

Imagine a health care plan that allows you to purchase health care services you want and gives you money at the end of the year. Not only that, this plan helps reduce health care costs for you and your employer.

Sound farfetched?

Not if you work for Dominion Resources, Golden Rule Insurance Company, Forbes, or any of the more than 1,300 companies that offer Medical Savings Accounts (MSAs) to their employees as an alternative to traditional health care plans.

MSAs have proven to be an innovative and highly effective way for companies to expand employee choice over medical decisions while also keeping costs down.

An MSA can be designed in many ways. The basic concept involves giving employees an account—usually between $1,000 and $2,000—that they can use at their discretion for minor, routine medical services. Since most medical bills are paid directly from the private health care account, cumbersome claims processing is eliminated.

It's time for states to pass MSA laws and allow companies and employees to take advantage of expanded choices and lower health care costs.

Choice over health care also increases. An MSA could be used to pay for a wide range of health care needs, including preventive care and services not always covered by traditional health plans (e.g., mammograms, counseling, etc.). Twenty-seven percent of the employees at Golden Rule Insurance Company, for instance, now use health services that they had not used before its MSA plan was implemented.

Moreover, most employees do not use the full amount in their MSA. An Ohio company in Danville reports that 80 percent of its employees had money left over at the end of the year. Each employee started with a $1,500 account, and the end-of-year balance averaged $700. That's money that can be rolled over and allowed to grow in an employee's medical savings account, or withdrawn and used for other purposes. These end-of-the-year savings encourage employees to be more careful health care shoppers, keeping costs down.

What happens if you spend more than the MSA amount? For expenses greater than the MSA, an employee usually pays a small amount out-of-pocket (often about $500), and then catastrophic health insurance pays the rest. Some employers don't even require out-of-pocket payments—the MSA and health insurance policy cover all expenses.

The company in Danville, for example, gives each employee an MSA valued at $1,500 and a catastrophic health insurance policy that pays for health expenses above $2,000. The employee is only liable for $500 a year in "out-of-pocket expenses"—and only if they first use up their $1,500 MSA.

Some employees may build up surpluses in their MSA account over the years—$5,000, $10,000 or more—so that they never have to pay the deductible out-of-pocket.

The results of the MSA plans have been impressive. Indianapolis-based Golden Rule has reduced its health care costs over 30 percent by adopting MSAs. At the end of its second year, employees reported an average of $1,002 remaining in their accounts. A survey found 98 percent of these employees were satisfied with their plan.

A Washington State think tank, the Evergreen Freedom Foundation, confirmed these findings. A random survey of 17 firms using MSAs found the average savings to be about 10 percent. These companies cut their health care costs an average of $186 for single coverage and $2,654 for family coverage.

Given these benefits, why aren't MSAs more common?

Simply put, current federal and state tax policies discourage their use. MSAs—unlike traditional health care benefits—are considered income and taxed at the full rate. If MSAs were given the same tax treatment as regular health insurance plans, they would be even more widespread.

Twenty-nine states, including Ohio, have introduced MSA legislation in 1995. Fifteen states have already passed MSA legislation this year, bringing the total number of states with MSA laws to 23. This makes Medical Savings Accounts the single most popular health care initiative at the state level in 1995, according to the Dallas-based National Center for Policy Analysis.

It's time for states to pass MSA laws and allow companies and employees to take advantage of expanded choices and lower health care costs.

• • • •

Dr. Michael Bond is a finance professor at Cleveland State University and a health care policy analyst with the Buckeye Institute for Public Policy Solutions.

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transportation

A Pro-Mobility, Pro-Environment Agenda. Many federal bureaucrats seek to solve our urban air pollution problems by making travel more inconvenient. But our ability to traverse long distances in short periods of time allows us to enjoy a wider variety of jobs and more access to the amenities that make for a better standard of living. A better approach to urban air pollution and congestion problems would be to take advantage of new technologies that enable such innovations as peak-hour highway pricing and improved emissions tests. John Semmens, "The Environmental Assault on Mobility," *The Freeman*, August 1995, pp. 493-45.

PolicyFax #8105109

How to Solve Mandatory Auto Insurance. Transportation economist John Semmens estimates that uninsured and underinsured drivers impose about $100 million per year in costs on the victims of accidents or their insurers. This paper from the Goldwater Institute tackles the problem of mandatory auto insurance and concludes that insurers should be entrusted to issue drivers' licenses and vehicle registrations. John Semmens, "How to Solve Mandatory Auto Insurance," *Arizona Issue Analysis*, July 1995, Goldwater Institute.

PolicyFax #8105403

welfare

Commonsense Welfare Reform. One of the most radical and provocative welform reform proposals comes from the National Center for Policy Analysis (NCPA), which would allow taxpayers to direct their tax payments to the welfare provider—public or private—of their choice. (See the cover article of the July/August issue of *Intellectual Ammunition*.) NCPA's plan is likely to gain more attention in the months ahead, as Congressmen Jim Kolbe and Joe Knollenberg have introduced legislation based on the proposal. John C. Goodman, Ph.D., "Taxpayer Choice: A Common Sense Solution to the Crisis of the Welfare State," *Issue Analysis*, July 1995, Goldwater Institute.

PolicyFax #9272411

Reforming Welfare, Dole Style. Senate Majority Leader Bob Dole has introduced a major welfare reform bill that takes important steps in the right direction but does not go far enough. Dole's bill should be amended to block-grant food stamps, public housing, and the other programs block-granted in the House bill; pay the block-grant funds directly out of the Treasury, abolishing the federal bureaucracies currently administering the programs; allow states to contract out welfare to private charities; and allow states to invite taxpayer allocations of their welfare dollars. Peter J. Ferrara, "Bob Dole's Welfare Reform Plan," *Brief Analysis*, August 10, 1995, National Center for Policy Analysis.

Safety Net? According to a May 12, 1995 *Wall Street Journal*/NBC News Poll, 69 percent of those questioned said the welfare system does more harm than good, because it encourages the breakup of the family and discourages the work ethic. Fifty-seven percent of welfare recipients that were questioned also agreed that the system does more harm than good.

Strings-Attached Welfare Reform? Many policymakers see block grants to states as a key part of any viable welfare reform proposal. But should the block grants be given with conditions, or should they come without strings attached? A recent analysis from the National Center for Policy Analysis evaluates both sides of the debate and new congressional reform proposals from Sen. Bob Packwood (R-Ore.) and Sen. John Aschcroft (R-Mo.). Robert Carleson, "Welfare Reform: Should There Be Strings Attached?" *Brief Analysis*, National Center for Policy Analysis.

PolicyFax #9272112

The average "poor" American lives in a larger house or apartment, is more likely to own a car, and is more likely to have basic amenities such as an indoor toilet than is the average resident of Western Europe. Ninety-one percent of Americans living below the poverty line own a color television, and 29 percent own two or more. More than half of all poor Americans have air conditioning. **The Heritage Foundation, 1992.**

other topics

After the NEA, What Next? More and more people are realizing that the arts could survive the abolition of the National Endowment for the Arts. As Alice Goldfarb Marquis calculated in the *New York Times*, government spending on the arts in the United States is more than $13 per person—a higher level than in Great Britain—when one includes local and state funding and tax incentives. Eliminating the NEA could restore much-needed respectability to the arts in America, which have suffered as a result of government support. Laurence Jarvik, "After the National Endowment for the Arts: The Future Looks Bright," *Common Sense*, Summer 1995, pp. 60-74.

PolicyFax #0800408

Ending Culture Subsidies. Many in Congress propose to trim the budgets of the National Endowments for the Arts and Humanities and the Corporation for Public Broadcasting, rather than eliminate their funding entirely. But such an approach would be a mistake. Why should the Republican-led Congress "give the very people who will never love you enough subsidies to stay in business so they can continue taking shots at you? The federal arts subsidies must end once and for all." *Did you know* that private support for the arts totaled more than $9 billion in 1993? Robert H. Knight, "The Failures of Reform: Why CPB, NEA and NEH Must Be Zeroed Out," *Insight*, Family Research Council.

PolicyFax #0800112

More Immigration . . . or Less? Immigration has become an increasingly volatile issue—even within the ranks of the Republican Party. While some influential Republican leaders oppose curtailing the number of legal immigrants coming into the U.S., congressional leaders and presidential hopefuls are increasingly calling for tighter immigration requirements. *Did you know* that recent studies by Lowell Gallaway and Richard Vedder reveal that immigrants "generate more income per capita than the native-born, $15,033 versus $14,367"? Jamie Dettmer, "Immigration Raises Republican Rancor," *Insight on the News*, August 7, 1995, pp. 8-11.

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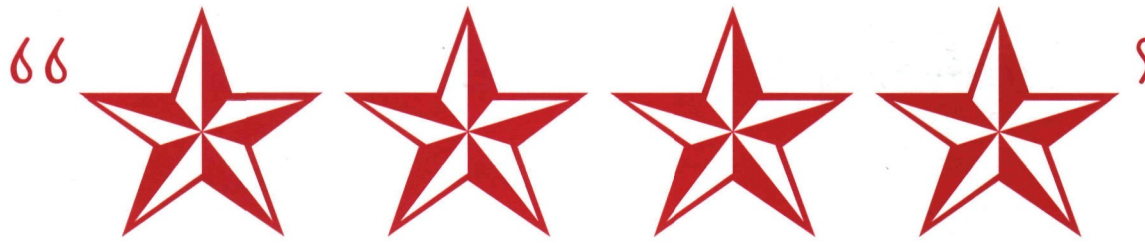

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